

1634

RECEIVED
LEGISLATIVE AUDITOR
2007 JUN 29 AM 8:55

**Third Judicial District Indigent Defender Board
Parishes of Lincoln and Union, Louisiana**

**Annual Financial Report
For the Year Ended December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/15/07

Douglas A. Brewer, LLC
Certified Public Accountant

Third Judicial District Indigent Defender Board
Table of Contents
For the Year Ended December 31, 2006

	Page
Management's Discussion and Analysis	1-4
Accountant's Review Report	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements	
Balance Sheet – Governmental Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	9
Notes to the Financial Statements	10-15
 Required Supplemental Information:	
Budgetary Comparison Schedule	16
Notes to Budgetary Comparison Schedule	17
Accountant's Report on Applying Agreed-Upon Procedures	18-21
Schedule of Findings	22
Management's Corrective Action Plan	23
Schedule of Prior Year Findings	24
Louisiana Attestation Questionnaire	25-26

Third Judicial District Indigent Defender Board Management's Discussion And Analysis For The Year Ended December 31, 2006

The management of the Third Judicial District Indigent Defender Board offers readers of the Third Judicial District Indigent Defender Board (Board) financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended December 31, 2006. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Board's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Board's finances. It is also intended to provide readers with an analysis of the Board's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Board. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Board's financial activity, identify changes in the Board's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in the Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government* issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Board's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Board's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreased in net assets may serve as a useful indicator of whether the financial position of the Board is improving or weakening.

**Third Judicial District Indigent Defender Board
Management's Discussion And Analysis
For The Year Ended December 31, 2006**

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected fines).

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Board's assets exceeded its liabilities by \$217,662 (net assets); this represents an increase of \$28,683 from the last fiscal year. Of this total net asset amount, \$217,662 is unrestricted net assets. The Board's net assets are comprised of \$217,662 from governmental activities.

The following is a condensed statement of the Third Judicial District Indigent Defender Board's net assets as of December 31, 2006:

	Governmental-Type Activities		Total	
	2006	2005	2006	2005
Assets				
Current & Other Assets	\$ 218,107	\$ 189,581	\$ 218,107	\$ 189,581
Capital Assets (net)	0	0	0	0
Total Assets	<u>218,107</u>	<u>189,581</u>	<u>218,107</u>	<u>189,581</u>
Liabilities				
Other Liabilities	\$ 445	\$ 602	\$ 445	\$ 602
Long-term Liabilities	0	0	0	0
Total Liabilities	<u>445</u>	<u>602</u>	<u>445</u>	<u>602</u>
Net Assets				
Invested in capital assets, net	0	0	0	0
Restricted	0	0	0	0
Unrestricted	<u>217,662</u>	<u>167,328</u>	<u>217,662</u>	<u>167,328</u>
Total Net Assets	<u>217,662</u>	<u>167,328</u>	<u>217,662</u>	<u>167,328</u>

The Board has unrestricted net assets of \$217,662, which may be used to meet the government's on-going obligation to citizens and creditors.

The Board had no capital assets or long-term debt.

Third Judicial District Indigent Defender Board Management's Discussion And Analysis For The Year Ended December 31, 2006

The following is a summary of the statement of activities:

	Governmental-Type Activities		Total	
	2006	2005	2006	2005
Revenue				
Program Revenue	\$ 344,694	\$ 319,357	\$ 344,694	\$ 319,357
General Revenue & Transfers	4,616	3,311	4,616	3,311
Total Revenue	349,310	322,668	349,310	322,668
Expenses				
General & Administrative	320,627	301,017	320,627	301,017
Total Expenses	320,627	301,017	320,627	301,017
Increase (Decrease) in Net Assets	28,683	21,651	28,683	21,651
Net Assets, June 30, 2005	188,979	167,328	188,979	167,328
Net Assets, June 30, 2006	217,662	188,979	217,622	188,979

Governmental Activities

The Governmental activities of the Board include General Government and Public Safety. In that revenues normally associated support for indigent defenders such as fees and grants that are sufficient for the funding of these activities.

Business-type Activities

The Board does not have any business-type activities.

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Board's most significant funds – not the Board as a whole. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for a particular purpose.

The Board adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget (if applicable) figures.

**Third Judicial District Indigent Defender Board
Management's Discussion And Analysis
For The Year Ended December 31, 2006**

Financial Analysis of the Board's Governmental Fund

The Third Judicial District Indigent Defender Board's governmental fund (General Fund) reported an ending fund balance of \$217,662, which is an increase of \$28,683. The entire ending fund balance of \$217,662 is unreserved.

General Fund Budgetary Highlights

The Board did not amend their original General Fund budget during the course of the year.

The actual deficiency of revenue for the current fiscal year was not sufficient to meet all expenditures. The final budget and the actual results differ by a positive position of \$37,626.

Capital Asset and Debt Administration

The Board does not have capital assets or debt.

Current Financial Factors

There are no current year changes for the Third Judicial District Indigent Defender Board.

Request for Information

This financial report is designed to provide a general overview of the Third Judicial District Indigent Defender Board's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Lewis A. Jones, Administrator
Third Judicial District Indigent Defender Board
117 West Texas Avenue
Ruston, LA 71270

Douglas A. Brewer, LLC

Certified Public Accountant

105 E. Reynolds Dr. Suite A

P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

Third Judicial District Indigent Defender Board Parishes of Lincoln and Union, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, and each major fund of the Third Judicial District Indigent Defender Board, as of and for the year ended December 31, 2006, which collectively comprise the Board's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Third Judicial District Indigent Defender Board.

A review consists principally of inquiries of the Third Judicial District Indigent Defender Board personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 1 through 2 and page 14, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

Douglas A. Brewer, LLC

June 22, 2007

Basic Financial Statements

Third Judicial District Indigent Defender Board
Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and equivalents	\$ 46,547
Investments	157,050
Receivables	14,510
Total Assets	<u>\$ 218,107</u>
 Liabilities	
Accounts Payable	\$ 445
Total Liabilities	<u>445</u>
 Net Assets	
Unrestricted	217,662
Total Net Assets	<u>\$ 217,662</u>

See accompanying notes and accountant's report.

Third Judicial District Indigent Defender Board
Statement of Activities
For the Year Ended December 31, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Judiciary	\$ 320,627	\$ -	\$ -	\$ -
Total Governmental Activities	<u>\$ 320,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u><u>\$ 320,627</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

General Revenues:

Court Costs on Fines
 Interest Income
 Miscellaneous
 Total General Revenues, Special Items, and Transfers
Changes in Net Assets
Net Assets - Beginning
Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (320,627)	\$ -	\$ (320,627)
\$ (320,627)	\$ -	\$ (320,627)
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ (320,627)	\$ -	\$ (320,627)
344,694	-	344,694
3,966	-	3,966
650	-	650
349,310	-	349,310
28,683	-	28,683
188,979	-	188,979
\$ 217,662	\$ -	\$ 217,662

See accompanying notes and accountant's report.

**Third Judicial District Indigent Defender Board
Balance Sheet – Governmental Fund
December 31, 2006**

	General Fund
Assets	
Cash and equivalents	\$ 46,547
Investments	157,050
Receivables	14,510
Total Assets	<u><u>\$ 218,107</u></u>
 Liabilities And Fund Equity	
Liabilities	
Accounts Payable	\$ 445
Total Liabilities	<u>445</u>
 Fund Equity	
Fund Balance - Unreserved, Undesignated	\$ 217,662
Total Fund Equity	<u>217,662</u>
 Total Liabilities And Fund Equity	<u><u>\$ 218,107</u></u>
 Reconciliation to Statement of Net Assets:	
There are no differences from amounts reported for <i>governmental activities</i> in the Statement of Net Assets.	-
 Net Assets of Governmental Activities	<u><u>\$ 217,662</u></u>

See accompanying notes and accountant's report.

Third Judicial District Indigent Defender Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2006

Revenues	
Court costs on fines	\$ 344,694
Investment earnings	3,966
Miscellaneous	650
Total Revenues	<u>349,310</u>
 Expenditures - Judicial	
Public defender fees and expenses	250,627
Operating expenses	70,000
Total Expenditures	<u>320,627</u>
 Excess of Revenues Over Expenditures	 28,683
 Fund Balance:	
Beginning of Year	<u>188,979</u>
End of Year	<u>\$ 217,662</u>

See accompanying notes and accountant's report.

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

INTRODUCTION

The Third Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides council to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district level. The judicial district encompasses the parishes of Lincoln and Union. The Board is composed of five members who are appointed by the district court. The Board members serve without compensation. Revenues to finance the Board's operations are provided primarily from court costs on fines imposed by the various courts within the district. The Board has no employees; however, it has a contract with its chief indigent defender to provide legal services to indigents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Third Judicial District Indigent Defender Board have been prepared in conformity with governmental accounting principles generally accepted by the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The indigent defender board is part of the operations of the district court system. However, the district court system is fiscally dependent on the Lincoln Parish Police Jury for office space and courtrooms. In addition, the police jury's basic financial statements would be incomplete or misleading without inclusion of the indigent defender board. For these reasons, the indigent defender board was determined to be a component unit of the Lincoln Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the board and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

C. FUND ACCOUNTING

The Indigent Defender Board use funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain board functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Indigent Defender Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the board. The following are the board's governmental funds:

General fund – the primary operating fund of the Indigent Defender Board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances report on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Indigent Defender Board operations.

The amounts reflected in the General Fund, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Indigent Defender Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the year they are collected by the appropriate courts. Fees from indigents are recorded when received. Interest income is recorded in the year in which it is earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the board as a whole. These statements include all the financial activities of the Indigent Defender Board. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from board users as a fee for services; program revenues reduce the cost of the function to be financed from the board's general revenues.

E. BUDGETS

The Indigent Defender Board uses the following budget practices:

The Board adopted a budget for the year ended December 31, 2006 for the General Fund. The Board follows the following procedures in establishing the budgetary data reflected in the financial statements. During the November meeting, the chief indigent defender submits to the board members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

expenditures and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The chief indigent defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year. There were no amendments to the original budget.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Indigent Defender Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

GASB Statement No.31 requires the Board to report investments at fair value in the balance sheet, except as follows:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The Board may report at amortized cost money investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

H. COMPENSATED ABSENCES

The Indigent Defender Board does not have a formal leave policy due to the board not having any employees.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2006, the Indigent Defender Board had cash and cash equivalents (book balances) totaling \$203,597 as follows:

Interest-bearing demand deposits	\$ 46,547
Time deposits – investments	<u>157,050</u>
Total	<u>\$203,597</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the Indigent Defender Board had \$207,529 in deposits (collected bank balances). These deposits are secured from risk by \$207,529 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Indigent Defender Board that the fiscal agent has failed to pay deposited funds upon demand.

Third Judicial District Indigent Defender Board
Notes to Financial Statements
For the Year Ended December 31, 2006

3. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Indigent Defender Board or its agent in the board's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the board's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the board's name

At fiscal year-end, the board's investments balances were as follows:

Type of investment	Category			Carrying Amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of Deposit	\$157,050			\$157,050	\$ -	\$ -	\$157,050
Total Investments	\$157,050	\$-	\$-	\$157,050	\$ -	\$ -	\$157,050

4. RECEIVABLES

The receivables of \$14,510 at December 31, 2006, are as follows:

Class of Receivable	General Fund
Court costs on fines	14,510

5. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$445 at December 31, 2006, are as follows:

Accounts	<u>\$445</u>
----------	--------------

Required Supplemental Information

**Third Judicial District Indigent Defender Board
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Court costs on fines	\$ 310,756	\$ 310,756	\$ 344,694	\$ 33,938
Investment Earnings	2,400	2,400	3,966	1,566
Miscellaneous	600	600	650	50
Total Revenues	<u>313,756</u>	<u>313,756</u>	<u>349,310</u>	<u>35,554</u>
Expenditures				
Public defender fees and expenses	263,350	263,350	250,627	12,723
Operating expenses	59,350	59,350	70,000	(10,650)
Total Expenditures	<u>322,700</u>	<u>322,700</u>	<u>320,627</u>	<u>2,073</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(8,944)	(8,944)	28,683	37,627
Fund Balance at Beginning of Year	188,979	188,979	188,979	-
Fund Balance at End of Year	<u>\$ 180,035</u>	<u>\$ 180,035</u>	<u>\$ 217,662</u>	<u>\$ 37,627</u>

Third Judicial District Indigent Defender Board
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2006

(1) Summary of Significant Accounting Policies

The Board annually adopts a budget for the General Fund. All appropriations are legally controlled at the board level for operations. On December 19, 2005, the Board approved the original adopted budget.

The budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets (if any). All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the Board presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Douglas A. Brewer, LLC

Certified Public Accountant

105 E. Reynolds Dr. Suite A

P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Michael S. Coyle, President
And Board of Directors
Third Judicial District Indigent Defender Board
P.O. Box 595
Ruston, Louisiana 71273-0595

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Third Judicial District Indigent Defender Board and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Third Judicial District Indigent Defender Board's compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the *American Institute of Public Accountants* and standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000. There were no expenditures made during the year for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of the president and each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of *outside business interests of the president, each board member, and employees, as well as their immediate families.*

Management provided the list.

3. Obtain from management a listing of all employees paid during the period under examination.

There were no employees during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as *immediate family members.*

There were no employees during the period under examination. This step is not applicable.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 19, 2005, which indicated that the budget had been adopted by the board members by a unanimous vote.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budget amounts by 5% or more.

I compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not vary unfavorably from budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for the six disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from either the chief indigent defender or the president of the Board of Directors.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 – 12 (the open meetings law).

The Third Judicial District Indigent Defender Board is only required to post a notice of each meeting and the accompanying agenda on the door of the Indigent Defender Board's meeting place. Management asserted that such documents were properly posted and provided copies of the required notices and agendas posted along with indicating the date, time, location, and signature of the person that posted the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses


11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The Indigent Defender Board does not have any employees.

My prior year report, dated June 15, 2006, did not include any comments or unresolved matters.

I was not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Third Judicial District Indigent Defender Board and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Douglas A. Brewer, LLC
Certified Public Accountant
June 22, 2007

**Third Judicial District Indigent Defender Board
Schedule of Findings
For the Year Ended December 31, 2006**

Section I – Compliance With Certain Laws And Regulations

There were no findings for the year ended December 31, 2006.

**Third Judicial District Indigent Defender Board
Management's Corrective Action Plan
For the Year Ended December 31, 2006**

Section I – Compliance With Certain Laws And Regulations

There were no findings for the year ended December 31, 2006.

**Third Judicial District Indigent Defender Board
Schedule of Prior Year Findings
For the Year Ended December 31, 2006**

Section I – Compliance With Certain Laws And Regulations

Finding 05-01 – Local Government Budget Act

Condition:

The Board's total expenditures for the year ended December 31, 2006 had an unfavorable variance of 5.73% from budgeted expenditures. No amendment was made to correct this situation.

Criteria:

The Louisiana Local Government Budget Act (LSA-RS 39:1311 – Budgetary authority and control) requires the adoption of a budget amendment when total actual expenditures exceed total budgeted expenditures by five percent or more.

Recommendation:

The Board should amend its budget in accordance with the Local Government Budget Act.

Response:

The board will make every effort to comply with the budget act.

Status:

Cleared

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

May 23, 2007

Douglas A. Brewer, LLC
Certified Public Accountant
P.O. Box 1250
Ruston, LA 71273-1250

In connection with your review of our financial statements as of December 31, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 23, 2007.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

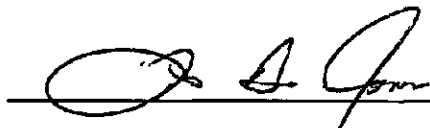
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Administrator 6/27/07 Date